



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
BELL COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 2001

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE BELL COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2001

The Auditor of Public Accounts has completed the Bell County Fiscal Court audit for fiscal year ended June 30, 2001. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

Financial Condition:

Fund balances increased by \$4,205,196 from the prior fiscal year, resulting in a cash surplus of \$5,971,439 as of June 30, 2001. Revenues increased by \$6,905,725 from the prior year and disbursements increased by \$2,428,326.

Debt Obligations:

Total bonded debt principal as of June 30, 2001, was \$5,870,000. Future collections of \$12,113,448 are needed over the next 27 years to pay all bonded debt principal and interest.

Capital lease principal agreements totaled \$592,177 as of June 30, 2001. Future principal and interest payments of \$777,429 are needed to meet these obligations.

Report Comments:

- The Fiscal Court Should Adopt An Administrative Code

Deposits:

The fiscal court's deposits were insured and collateralized by bank securities or bonds.

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EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Jennifer Jones, Bell County Judge/Executive
Members of the Bell County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Bell County, Kentucky, as of June 30, 2001, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Bell County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, the standards applicable to the financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Bell County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years. The modified cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising primarily from cash transactions as of June 30, 2001, of Bell County, Kentucky, and the revenues received and expenditures paid for the year then ended, in conformity with the modified cash basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
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In accordance with Government Auditing Standards, we have also issued our report, dated September 19, 2001, on our consideration of Bell County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Based on the results of our audit, we present the schedule of findings and questioned costs, included herein, which discusses the following area of noncompliance:

- The Fiscal Court Should Adopt An Administrative Code

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Bell County, Kentucky. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Respectfully submitted,



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
September 19, 2001

BELL COUNTY OFFICIALS

Fiscal Year Ended June 30, 2001

Fiscal Court Members:

Jennifer Jones	County Judge/Executive
Arthur Blevins	Magistrate
John D. Brock	Magistrate
David E. Gilbert	Magistrate
William Kelley	Magistrate
Andy Williams	Magistrate

Other Elected Officials:

John Golden	County Attorney
James J. Hoskins	Jailer
Joan Asher Cawood	County Clerk
Charles Green	Circuit Court Clerk
Harold Harbin	Sheriff
Geraldine Jeffers	Property Valuation Administrator
Clyde Creech	Coroner

Appointed Personnel:

Sharon Taylor	County Treasurer
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STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

BELL COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 2001

Assets and Other Resources

Assets

General Fund Type

General Fund:

Cash \$ 1,042,267

Road and Bridge Fund:

Cash 343,079

Jail Fund:

Cash 140,454

Local Government Economic Assistance Fund:

Cash (Note 9) 1,234,355

Payroll Revolving Account - Cash

41

Health Insurance Revolving Account - Cash

16

\$ 2,760,212

Special Revenue Fund Type

Ambulance Service Fund:

Cash \$ 164,991

Insurance Premium Tax Fund:

Cash 30

Federal Grants Fund:

Cash 6,612

\$ 171,633

Capital Projects Fund Type

Hutch Brownies Creek Waterline Fund:

Cash \$ 19

Public Properties Corporation Judicial Building Project Fund:

Cash 3,039,632

3,039,651

Total Assets

\$ 5,971,496

The accompanying notes are an integral part of the financial statements.

BELL COUNTY
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS
June 30, 2001
(Continued)

Other Resources

General Fund Type

General Fund:

Amounts to be Provided in Future Years for Waterline Principal -

Capital Lease Obligation Payments (Note 5a)	\$	114,000	
Capital Lease Obligation Payments (Note 5b)		58,000	
Capital Lease Obligation Payments (Note 5c)		62,000	
Capital Lease Obligation Payments (Note 5d)		<u>358,177</u>	592,177

Capital Projects Fund Type

Public Properties Corporation Judicial Building Project Fund:

Amounts to be Provided in Future Years for Bond Payments (Note 6)	\$	<u>2,830,368</u>
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Total Assets and Other Resources	\$	<u><u>9,394,041</u></u>
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Liabilities and Fund Balances

Liabilities

General Fund Type

General Fund:

Capital Lease Obligation (Note 5a)	\$	114,000	
Capital Lease Obligation (Note 5b)		58,000	
Capital Lease Obligation (Note 5c)		62,000	
Capital Lease Obligation (Note 5d)		<u>358,177</u>	\$ 592,177

Payroll Revolving Account - Cash		41	
Health Insurance Revolving Account - Cash		<u>16</u>	57

Capital Projects Fund Type

Public Properties Corporation Judicial Building Project Fund:

Bonds Not Matured (Note 6)		5,870,000
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The accompanying notes are an integral part of the financial statements.

BELL COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
 ARISING FROM CASH TRANSACTIONS
 June 30, 2001
 (Continued)

Fund Balances

Reserved:

General Fund Type

Local Government Economic Assistance Fund	\$ 1,015,988
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Capital Projects Fund Type

Hutch Brownies Creek Waterline Fund	19
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Unreserved:

General Fund Type

General Fund	\$ 1,042,267	
Road and Bridge Fund	343,079	
Jail Fund	140,454	
Local Government Economic Assistance Fund (Note 9)	<u>218,367</u>	\$ 1,744,167

Special Revenue Fund Type

Ambulance Service Fund	\$ 164,991	
Insurance Premium Tax Fund	30	
Federal Grants Fund	<u>6,612</u>	<u>\$ 171,633</u>

Total Liabilities and Fund Balances		<u><u>\$ 9,394,041</u></u>
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The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

BELL COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 2001

	General Fund Type			
	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 7,468,085	\$ 1,858,175	\$ 962,293	\$ 495,656
Other Financing Sources:				
Transfers In	361,799	20,000		245,000
Bond Proceeds	5,657,315			
Total Cash Receipts	<u>\$ 13,487,199</u>	<u>\$ 1,878,175</u>	<u>\$ 962,293</u>	<u>\$ 740,656</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 5,912,139	\$ 1,672,083	\$ 959,847	\$ 747,289
Other Financing Uses:				
Schedule of Other Expenditures	2,226,095			
Transfers Out	361,799	35,000		
Lease Principal Payments	560,823	49,000		
Bonds:				
Interest Paid	221,147			
Total Cash Disbursements	<u>\$ 9,282,003</u>	<u>\$ 1,756,083</u>	<u>\$ 959,847</u>	<u>\$ 747,289</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 4,205,196	\$ 122,092	\$ 2,446	\$ (6,633)
Cash Balance - July 1, 2000	<u>1,766,243</u>	<u>920,175</u>	<u>340,633</u>	<u>147,087</u>
Cash Balance - June 30, 2001	<u>\$ 5,971,439</u>	<u>\$ 1,042,267</u>	<u>\$ 343,079</u>	<u>\$ 140,454</u>

* Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statements.

BELL COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 Fiscal Year Ended June 30, 2001
 (Continued)

General Fund Type	Special Revenue Fund Type				
Local Government Economic Assistance Fund	Ambulance Service Fund	Insurance Premium Tax Fund	Abandoned Mine Land Laurel Fork Water Project Fund	Local Law Enforcement Grant Fund	Local Economic Development Fund
\$ 1,875,021	\$ 696,435	\$ 387,223	\$ 728,836	\$ 9,000	\$ 26,230
	96,799				
<u>\$ 1,875,021</u>	<u>\$ 793,234</u>	<u>\$ 387,223</u>	<u>\$ 728,836</u>	<u>\$ 9,000</u>	<u>\$ 26,230</u>
\$ 601,996	\$ 666,525	\$ 290,397	\$ 728,836	\$ 9,000	\$ 26,230
210,000	20,000	96,799			
<u>\$ 811,996</u>	<u>\$ 686,525</u>	<u>\$ 387,196</u>	<u>\$ 728,836</u>	<u>\$ 9,000</u>	<u>\$ 26,230</u>
\$ 1,063,025	\$ 106,709	\$ 27	\$	\$	\$
171,330	58,282	3			
<u>\$ 1,234,355</u>	<u>\$ 164,991</u>	<u>\$ 30</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

The accompanying notes are an integral part of the financial statements.

BELL COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 Fiscal Year Ended June 30, 2001
 (Continued)

	<u>Special Revenue Fund Type</u>		<u>Capital Projects Fund Type</u>	
			Hutch Brownies Creek Waterline Fund	Public Properties Corporation: Judicial Building Project Fund
<u>Cash Receipts</u>	<u>State Grant Fund</u>	<u>Federal Grant Fund</u>		
Schedule of Operating Revenue	\$ 10,104	\$ 182,194	\$ 531	\$ 212,137
Other Financing Sources:				
Transfers In				
Bond Proceeds				5,657,315
Total Cash Receipts	<u>\$ 10,104</u>	<u>\$ 182,194</u>	<u>\$ 531</u>	<u>\$ 5,869,452</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 10,104	\$ 175,582	\$	\$
Other Financing Uses:				
Schedule of Other Expenditures			22	2,226,073
Transfers Out				
Lease Principal Payments			11,823	500,000
Bonds:				
Interest Paid				221,147
Total Cash Disbursements	<u>\$ 10,104</u>	<u>\$ 175,582</u>	<u>\$ 11,845</u>	<u>\$ 2,947,220</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$	\$ 6,612	\$ (11,314)	\$ 2,922,232
Cash Balance - July 1, 2000			11,333	117,400
Cash Balance - June 30, 2001	<u>\$</u>	<u>\$ 6,612</u>	<u>\$ 19</u>	<u>\$ 3,039,632</u>

* Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statements.

BELL COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 Fiscal Year Ended June 30, 2001
 (Continued)

Debt Service
Fund Type

Cumberland
 Gap
 Provisions
 Revolving
Loan Fund

\$ 24,250

\$ 24,250

\$ 24,250

\$ 24,250

\$

\$

The accompanying notes are an integral part of the financial statements.

BELL COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2001

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Bell County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Public Properties Corporation: Judicial Building Project Fund as part of the reporting entity.

The Public Properties Corporation: Judicial Building Project (the Corporation) is a legally separate entity established to provide long-term debt service for the Fiscal Court. The Corporation's governing body consists entirely of Fiscal Court members. Therefore, management must include the Corporation as a component unit, and the Corporation's financial activity will be blended with that of the Fiscal Court.

Additional - Bell County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Bell County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Bell County Fiscal Court's Fund Types, a definition of each, and county funds included within each fund type are listed below.

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Bell County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, Jail Fund, and Local Government Economic Assistance (LGEA) Fund.

BELL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2001
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

2) Special Revenue Fund Type

Special Revenue Fund Type accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for the specified purpose. The Ambulance Service Fund, Insurance Premium Tax Fund, Abandoned Mine Land Laurel Fork Water Project Fund, Local Law Enforcement Grant Fund, Local Economic Development Fund, State Grant Fund, and Federal Grant Fund are reported as a Special Revenue Fund Type.

3) Debt Service Fund Type

Debt Service Fund Type accounts for the accumulation of resources for the payment of general long-term debt principal and interest and includes the Cumberland Gap Provisions Revolving Loan Fund.

4) Capital Projects Fund Type

Capital Projects Fund Type accounts for financial resources to be used for acquisition of major capital facilities. The Hutch Brownies Creek Waterline Fund and the Public Properties Corporation: Judicial Building Fund of the Fiscal Court is reported as a Capital Projects Fund Type. We have classified the Public Properties Corporation: Judicial Building Project Fund as a Capital Projects Fund Type since it relates to the construction of a new judicial building. After the construction of the facility is completed, this fund will be reclassified to the Debt Service Fund Type.

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years.

D. Legal Compliance - Budget

The Bell County budget is adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

BELL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2001
(Continued)

D. Legal Compliance - Budget (Continued)

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

Note 1. Summary of Significant Accounting Policies

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

F. Related Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following are considered related organizations of Bell County Fiscal Court: Pineville Water System, Aqua/KWS - Middlesboro Water System, and the Frakes Water System.

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement System. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 6.34 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement System's annual financial report.

BELL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2001
(Continued)

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2001, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.

Note 4. Operating Lease

On December 1, 1999, the county entered into an operating lease agreement with GEM Capital Corporation for the purpose of obtaining an ambulance. Terms of the lease agreement stipulate 20 quarterly payments in the amount of \$3,335. As of June 30, 2001, the principal balance remaining was \$39,332.

Note 5. Waterline Capital Lease Agreements

The county has entered into four capital lease agreements with the Kentucky Association of Counties Leasing Trust Program for the construction of various waterlines. The following is a description of the terms of each lease agreement:

- a) The county entered into a capital lease agreement with the Kentucky Association of Counties Leasing Trust Program in October 1993, for the construction of waterlines. The county has subleased the waterlines to the Pineville Utility Commission. Terms of the agreement stipulate a twenty-year repayment schedule, with variable monthly interest payments and variable annual principal payments. As of June 30, 2001, the principal balance remaining was \$114,000. Future lease payments are as follows:

Date Due	Fees and Interest	Principal
June 30, 2002	\$ 6,113	\$ 7,000
June 30, 2003	5,705	8,000
June 30, 2004	5,265	8,000
June 30, 2005	4,825	8,000
June 30, 2006	4,361	9,000
Amount Thereafter	15,208	74,000
Totals	\$ 41,477	\$ 114,000

BELL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2001
(Continued)

Note 5. Waterline Capital Lease Agreements (Continued)

- b) The county entered into a capital lease agreement with the Kentucky Association of Counties Leasing Trust Program in May 1995, for the construction of waterlines. The county has subleased the waterlines to the Pineville Utility Commission. Terms of the agreement stipulate a twenty-year repayment schedule, with variable monthly interest payments and variable annual principal payments. As of June 30, 2001, the principal balance remaining was \$58,000. Future lease payments are as follows:

<u>Date Due</u>	<u>Fees and Interest</u>	<u>Principal</u>
June 30, 2002	\$ 3,485	\$ 10,000
June 30, 2003	2,811	11,000
June 30, 2004	2,072	12,000
June 30, 2005	1,295	12,000
June 30, 2006	491	13,000
Totals	<u>\$ 10,154</u>	<u>\$ 58,000</u>

- c) The county entered into a capital lease agreement with the Kentucky Association of Counties Leasing Trust Program in September 1995, for the construction of waterlines. The county has subleased the waterlines to the Pineville Utility Commission. Terms of the agreement stipulate a twenty-year repayment schedule, with variable monthly interest payments and variable annual principal payments. As of June 30, 2001, the principal balance remaining was \$62,000. Future lease payments are as follows:

<u>Date Due</u>	<u>Fees and Interest</u>	<u>Principal</u>
June 30, 2002	\$ 3,781	\$ 3,000
June 30, 2003	3,594	3,000
June 30, 2004	3,382	4,000
June 30, 2005	3,133	4,000
June 30, 2006	2,884	4,000
Amount Thereafter	13,554	44,000
Totals	<u>\$ 30,328</u>	<u>\$ 62,000</u>

BELL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2001
(Continued)

Note 5. Waterline Capital Lease Agreements (Continued)

- d) The county entered into a capital lease agreement with the Kentucky Association of Counties Leasing Trust Program in March 1998, for the construction of waterlines. The county has subleased the waterlines to the Pineville Utility Commission. Terms of the agreement stipulate a twenty-year repayment schedule, with variable monthly interest payments and variable annual principal payments. As of June 30, 2001, the principal balance remaining was \$358,177. Future lease payments are as follows:

Date Due	Fees and Interest	Principal
June 30, 2002	\$ 18,797	\$ 30,000
June 30, 2003	17,143	31,000
June 30, 2004	15,412	33,000
June 30, 2005	13,573	35,000
June 30, 2006	11,647	36,000
Amount Thereafter	26,721	193,177
Totals	<u>\$ 103,293</u>	<u>\$ 358,177</u>

Note 6. Long-term Debt

On July 1, 2000, the Bell County Public Properties Corporation issued bonds in order to construct the Farmer Helton Judicial Building. On the same day, the Bell County Public Properties Corporation, Administrative Office of the Courts, (AOC) and the county entered into a lease agreement for the purpose of obtaining office rental space for the AOC at the Judicial Building. The financing plan for the project is as follows:

Bell County and the Public Properties Corporation are acting as an agent for the AOC in order to plan, design, construct, manage and maintain the Judicial Building. The Public Properties Corporation and the county expect annual rentals for use of the Judicial Building to be in the full amount of the annual principal and interest requirements of the bonds. Under the terms of the lease, the AOC has agreed to pay directly to the paying agent bank, the use allowance payment as provided in the lease. The lease agreement is renewable each year. The county and the Public Properties Corporation are in reliance upon the use allowance payment in order to meet the debt service for the bonds.

The use allowance payment commences with occupancy of the Judicial Building by the AOC. The AOC, with the execution of the lease, has expressed its intention to continue to pay the full use allowance payment in each successive biennial budget period until September 1, 2028, but the lease does not legally obligate the AOC to do so.

BELL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2001
(Continued)

Note 6. Long-term Debt (Continued)

As of June 30, 2001, the principal balance remaining was \$5,870,000. Future bond payments are as follows:

<u>Date Due</u>	<u>Fees and Interest</u>	<u>Principal</u>
June 30, 2002	\$ 331,720	\$
June 30, 2003	329,358	90,000
June 30, 2004	324,501	95,000
June 30, 2005	319,383	100,000
June 30, 2006	314,001	105,000
Amount Thereafter	<u>4,624,485</u>	<u>5,480,000</u>
Totals	<u>\$ 6,243,448</u>	<u>\$ 5,870,000</u>

Note 7. Commitments and Contingencies

In August 1999, Bell County received a Single-County Local Government Economic Development Fund Grant in the amount of \$800,000, which was assigned to the Bell County Industrial Foundation for disbursement to the Cumberland Gap Provision Company in the form of an \$800,000 loan. This loan was for a period of ten (10) years at three percent (3%) interest. Monthly interest only payments shall be due for the first three (3) years of the loan term. At the end of such three (3) year period, up to \$100,000 of the principal amount of the loan will be forgiven, such amount to be calculated based on the Company's degree of compliance with the terms of the jobs requirement, and the remaining balance shall be amortized at an interest rate of three percent (3%) per annum over the remaining seven (7) years of the loan, to be repaid in equal consecutive monthly payments of principal and interest. Cumberland Gap Provision Company pays the note payments to the Bell County Industrial Development Foundation, which pays the payments over to the county, and the county pays the payments over to the Kentucky Economic Development Finance Authority. Upon default of the loan agreement, the Cumberland Gap Provision Company, The Bell County Industrial Foundation, and the Bell County Fiscal Court can be responsible for repayment to the Kentucky Economic Development Finance Authority. As of June 30, 2001, Cumberland Gap Provision Company was in substantial compliance with the terms of the loan agreement.

Principal Balance Due County at June 30, 2001	\$800,000
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BELL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2001
(Continued)

Note 8. Jail Canteen Fund

The canteen operations are authorized pursuant to KRS 441.135(1)(2), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 68.210 requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Canteen. Technical Audit Bulletins 93-002 and 97-001 provide additional accounting and expenditure guidance for acceptable jail canteen operations.

During the fiscal year ending June 30, 2001, the Bell Jail Canteen received \$17,053 and expended \$15,796. The Jail Canteen had a June 30 2001, ending balance of \$13,761 and a June 30, 2000, beginning balance of \$12,504.

Note 9. Local Economic Assistance Fund

The ending cash balance of Local Government Economic Assistance Fund is \$1,234,355 as of June 30, 2001. Of this amount, \$1,015,988 is reserved for the completion of two capital projects. The Department for Local Government authorized certain capital construction projects for local administration from the coal severance tax project plan of House Bill 502. These projects are to be completed no later than June 30, 2002. During fiscal year ending June 30, 2001, the county deposited Local Government Economic Development Fund grant receipts totaling \$1,345,000 into the Local Government Economic Assistance Fund. Of this amount, \$329,012 was expended leaving a remaining balance of \$1,015,988. The county is in substantial compliance with terms of the grant agreements as of June 30, 2001.

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COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

BELL COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 2001

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
<u>General Fund Type</u>			
General Fund	\$ 1,598,695	\$ 1,858,175	\$ 259,480
Road and Bridge Fund	880,816	962,293	81,477
Jail Fund	670,281	495,656	(174,625)
Local Government Economic Assistance Fund	3,297,156	1,875,021	(1,422,135)
<u>Special Revenue Fund Type</u>			
Ambulance Service Fund	657,970	696,435	38,465
Insurance Premium Tax Fund	300,000	387,223	87,223
Abandoned Mine Land Laurel Fork Water Project Fund	1,315,000	728,836	(586,164)
Local Law Enforcement Grant Fund	9,000	9,000	
Local Economic Development Fund	71,159	26,230	(44,929)
State Grant Fund	300,000	10,104	(289,896)
Federal Grant Fund	425,250	182,194	(243,056)
<u>Debt Service Fund Type</u>			
Cumberland Gap Provision Revolving Loan Fund	25,000	24,250	(750)
Totals	<u>\$ 9,550,327</u>	<u>\$ 7,255,417</u>	<u>\$ (2,294,910)</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above		\$ 9,550,327	
Add: Budgeted Prior Year Surplus		1,000,844	
Less: Other Financing Uses		<u>(49,000)</u>	
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures		<u>\$ 10,502,171</u>	

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SCHEDULE OF OPERATING REVENUE

BELL COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 2001

Revenue Categories	GOVERNMENTAL FUND TYPES				
	Totals (Memorandum Only)	General Fund Type	Special Revenue Fund Type	Capital Projects Fund Type	Debt Service Fund Type
Taxes	\$ 1,106,082	\$ 1,106,082	\$	\$	\$
In Lieu Tax Payments	441,197	54,098	387,099		
Excess Fees	65,427	65,427			
License and Permits	33,290	33,290			
Intergovernmental Revenues	4,647,139	3,680,280	966,859		
Charges for Services	738,433	53,181	685,252		
Miscellaneous Revenues	149,140	124,452	688		24,000
Interest Earned	287,377	74,335	124	212,668	250
Total Operating Revenue	<u>\$ 7,468,085</u>	<u>\$ 5,191,145</u>	<u>\$ 2,040,022</u>	<u>\$ 212,668</u>	<u>\$ 24,250</u>

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COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

BELL COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 2001

Expenditure Categories	GENERAL FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 4,204,118	\$ 1,402,129	\$ 2,801,989
Protection to Persons and Property	766,666	749,147	17,519
General Health and Sanitation	173,133	68,633	104,500
Social Services	18,500	12,900	5,600
Recreation and Culture	82,758	81,258	1,500
Roads	49,200	42,574	6,626
Airports	1,202,902	936,626	266,276
Debt Service	57,543	51,085	6,458
Administration	796,890	636,863	160,027
Total Operating Budget - All General Fund Types	\$ 7,351,710	\$ 3,981,215	\$ 3,370,495
Other Financing Uses:			
Capital Lease Agreement-			
Principal on Lease			
Hances Creek Waterline	7,000	7,000	
Highway 92 Waterline	10,000	10,000	
Little Clear Clerk Waterline	3,000	3,000	
Hutch Brownies Creek Waterline	29,000	29,000	
TOTAL BUDGET - ALL GENERAL FUND TYPES	<u>\$ 7,400,710</u>	<u>\$ 4,030,215</u>	<u>\$ 3,370,495</u>

BELL COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 2001
 (Continued)

SPECIAL REVENUE FUND TYPE			
Expenditure Categories	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 344,909	\$ 68,333	\$ 276,576
Protection to Persons and Property	869,360	833,935	35,425
General Health and Sanitation	1,469,000	864,815	604,185
Debt Service	13,342	13,341	1
Capital Projects	300,000	10,104	289,896
Administration	128,850	116,146	12,704
TOTAL BUDGET - SPECIAL REVENUE FUND TYPE	<u>\$ 3,125,461</u>	<u>\$ 1,906,674</u>	<u>\$ 1,218,787</u>

DEBT SERVICE FUND TYPE			
Expenditure Categories	Final Budget	Budgeted Expenditures	Under (Over) Budget
Debt Service	<u>\$ 25,000</u>	<u>\$ 24,250</u>	<u>\$ 750</u>

SCHEDULE OF OTHER EXPENDITURES

BELL COUNTY
SCHEDULE OF OTHER EXPENDITURES

Fiscal Year Ended June 30, 2001

<u>Expenditure Items</u>	<u>Hutch Brownies Creek Waterline Fund</u>	<u>Public Properties Corporation: Judicial Building Project Fund</u>
Lease Interest Debt Service		\$ 3,495
Administrative Fees		1,250
Acceptance Fees		2,000
Cost of Bond Issuance		77,200
Construction		2,142,128
Management Fee	\$ 22	
Total	<u>\$ 22</u>	<u>\$ 2,226,073</u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Jennifer Jones, Bell County Judge/Executive
Members of the Bell County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Bell County, Kentucky, as of and for the year ended June 30, 2001, and have issued our report thereon dated September 19, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Bell County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and questioned costs.

- Reference Number 2001-01: The Fiscal Court Should Adopt An Administrative Code

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bell County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Bell County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs.

- Reference Number 2001-01: The Fiscal Court Should Adopt An Administrative Code

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider not adopting an administrative code to be a material weakness.

This report is intended solely for the information and use of management, federal awarding agencies, and pass-through entities, and is not intended to be, and should not be, used by anyone other than the specified parties.

Respectfully submitted,



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
September 19, 2001

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Jennifer Jones, Bell County Judge/Executive
Members of the Bell County Fiscal Court

Report On Compliance With Requirements
Applicable To Each Major Program And On Internal Control
Over Compliance In Accordance With OMB Circular A-133

Compliance

We have audited the compliance of Bell County, Kentucky, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2001. Bell County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Bell County's management. Our responsibility is to express an opinion on Bell County's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Bell County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Bell County's compliance with those requirements.

In our opinion, Bell County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

Report On Compliance With Requirements
Applicable To Each Major Program And On Internal Control
Over Compliance In Accordance With OMB Circular A-133
(Continued)

Internal Control Over Compliance

The management of Bell County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Bell County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, federal awarding agencies, and pass-through entities, and is not intended to be, and should not be, used by anyone other than the specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a horizontal line extending from the end of the signature.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
September 19, 2001

BELL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Fiscal Year Ended June 30, 2001

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Bell County.
2. One reportable condition disclosed during the audit of the financial statements is reported in the Independent Auditor's Report. This condition is reported as a material weakness.
3. One instance of noncompliance material to the financial statements of Bell County was disclosed during the audit.
4. No reportable conditions disclosed during the audit of the major federal awards programs are reported in the Independent Auditor's Report.
5. The auditor's report on compliance for the audit of the major federal awards programs for Bell County expresses an unqualified opinion.
6. No audit findings relative to the major federal awards programs for Bell County is reported in Part C of this schedule.
7. The program tested as a major program was: Abandoned Mine Land Reclamation Program-Laurel Fork Waterline Construction Project (CFDA # 15.252).
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Bell County was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

REPORTABLE CONDITION AND NONCOMPLIANCE

Reference Number 2001-1

The Fiscal Court Should Adopt An Administrative Code

The fiscal court has not adopted a comprehensive administrative code. Under the provisions of KRS 68.005, the county is required to have an administrative code which includes, but is not limited to, procedures and designation of responsibility for:

- a) General administration of agencies, authorities, and the County Judge/Executive office;
- b) Administration of county fiscal affairs
- c) Personnel administration
- d) County purchasing and award of contracts; and
- e) Delivery of county services

We recommend the fiscal court comply with KRS 68.005 by adopting an administrative code.

County Judge/Executive's Response:

Bell County's administrative code is completed but has not gone to the fiscal court for adoption. It will be presented before the end of the year for a vote.

BELL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal Year Ended June 30, 2001
(Continued)

PRIOR YEAR FINDINGS FINANCIAL STATEMENT AUDIT

- The Fiscal Court Should Adopt An Administrative Code

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAM
AUDIT

None.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

BELL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 2001

Federal Grantor Program Title <u>Grant Name (CFDA #)</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
 Cash Programs:		
 <u>U.S. Department of Housing and Urban Development</u>		
 Direct Program:		
Pine Mountain Park Amphitheater Project (CFDA #14.unknown)	Not Available	\$ 20,498
 Passed-Through State Department of Local Government:		
Community Development Block Grants-		
Stoney Fork Redbird Saylor Hollow Waterline Project Program (CFDA #14.228)	Not Available	135,979
 <u>U.S. Appalachian Regional Commission</u>		
Appalachian Regional Commission Grants-		
Cumberland Gap Economic Feasibility Study (CFDA #23.unknown)	Not Available	12,000
 <u>U.S. Department of the Interior</u>		
 Passed-Through State Department of Natural Resources:		
Abandoned Mine Land Reclamation Programs-		
Laurel Fork Water Project (CFDA #15.252)	Not Available	728,836

BELL COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Fiscal Year Ended June 30, 2001
 (Continued)

Federal Grantor Program Title <u>Grant Name (CFDA #)</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>U.S. Department of the Interior - Continued</u>		
Passed-Through State Department for Local Government: Federal Land and Water Conservation Program (CFDA #15.916)	Not Available	\$ 19,106
<u>U.S. Department of Justice</u>		
Passed-Through State Justice Cabinet: Local Law Enforcement Grant (CFDA #16.592)	Not Available	9,000
<u>U. S. Federal Emergency Management Agency</u>		
Passed-Through State Department of Military Affairs: Disaster and Emergency Assistance Grants- Coordinator Salary (CFDA #83.503)	Not Available	<u>2,317</u>
Total Cash Expenditures of Federal Awards		<u>\$ 927,736</u>

BELL COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 2001

Note 1 - Basis of Presentation

This schedule is presented on a modified cash basis.

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SUMMARY OF PRIOR AUDIT FINDINGS

BELL COUNTY
SUMMARY OF PRIOR AUDIT FINDINGS

Fiscal Year Ended June 30, 2001

U.S. FEDERAL EMERGENCY MANAGEMENT AGENCY

1998 - FINDING NO. 1

Condition:

This finding was a reportable condition stating that the county did not comply with all of the terms of the grant agreement. Specifically, it came to the auditor's attention that seven trailers were purchased from the owners and subsequently returned to them at no cost. According to the grant program administrative handbook, the structure must be demolished, unless an alternative is included in the application's scope of work and approved by the State Hazard Mitigation Team and FEMA.

Recommendation:

The auditors recommended that all terms of the grant agreement be complied with. Furthermore, the auditors recommended that amendments be obtained for any deviations from the terms of future grant agreements.

Current Status:

No similar findings were noted in the 2001 audit. On October 9, 2000, the county received a response to the audit finding. The response states that both the Division of Emergency Management, Commonwealth of Kentucky, and the Federal Emergency Management Agency (FEMA) have determined that these funds must be refunded or the mobile homes returned to the county for demolition. On October 25, 2000, the county responded stating that they have exhausted all efforts to reclaim and destroy the mobile homes in question, and that the fiscal court is requesting to be allowed to pay this debt in installments.

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CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS

BELL COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2001

CERTIFICATION OF COMPLIANCE

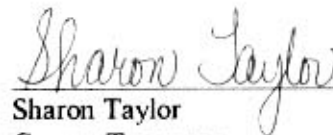
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS

BELL COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2001

The Bell County Fiscal Court hereby certifies that assistance received from the Local Government Economic Development Program and Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.


Jennifer Jones
County Judge/Executive


Sharon Taylor
County Treasurer


Brenda Walters
Former County Treasurer